

The background of the slide features a composite image. On the left, the Spirit of the American West statue is visible, standing on a rocky base with flames at its feet. On the right, a blurred image of a wind turbine is shown. The text is overlaid on this background.

2014 – 2015 BUDGET PRELIMINARY OVERVIEW

**Department of Finance
April 23, 2013**

OVERVIEW

- Budget process
 - Statutory requirements
 - Budget timeline
- Review of past experience
- Preliminary financial forecast
- Potential budget issues

BUDGET PROCESS

- Designed to maximize engagement
- Based to Council policies and core priorities
- Identifies key issues
- Adheres to statutes
- Uses a Performance Management structure

BUDGET PROCESS – STATUTORY GUIDANCE

- City Manager is required to propose the budget
- Council is required to hold two public hearings and adopt the budget by August 15th
- Budget is based on Fund Accounting
 - Each Fund stands alone
 - Fund expenditure limits cannot be exceeded

BUDGET PROCESS – TENTATIVE TIMELINE

April 23 – Budget Workshop

May 21 – Budget, Performance Measures Workshop

June 26 – DAB Meeting

July 16 – City Manager Proposes Budget

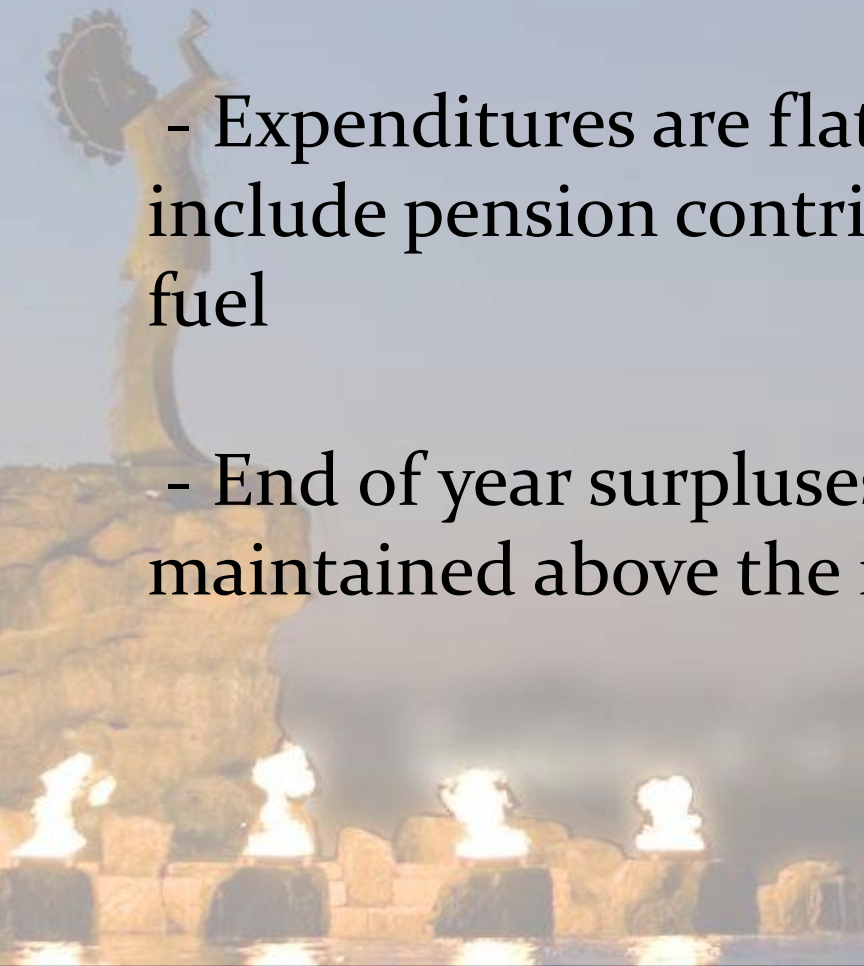
July 23 – Workshop (tentative)

August 6 – Public Hearing

August 13 – Council Adopts the Budget

PAST EXPERIENCE — GENERAL FUND

- Revenues largely stable since 2008; however, recent trend is slightly upward
- Expenditures are flat; challenging cost drivers include pension contributions, health insurance, fuel
- End of year surpluses since 2009; Reserves maintained above the minimum policy level



EXPENDITURE MODEL

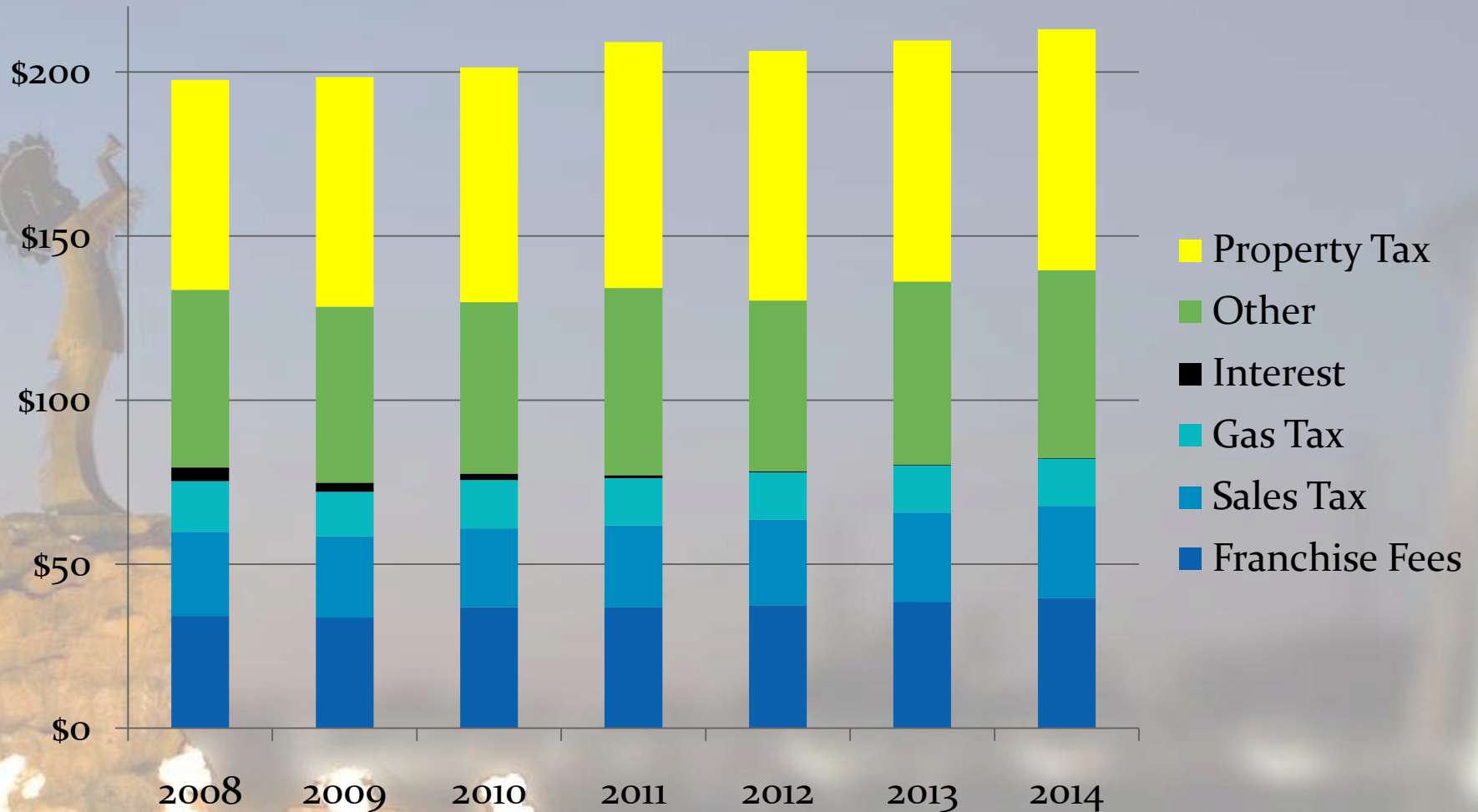
- Recognize what's important (priorities)
- Ensure what's important is operated efficiently
- Maintain fiscal discipline and sustainability



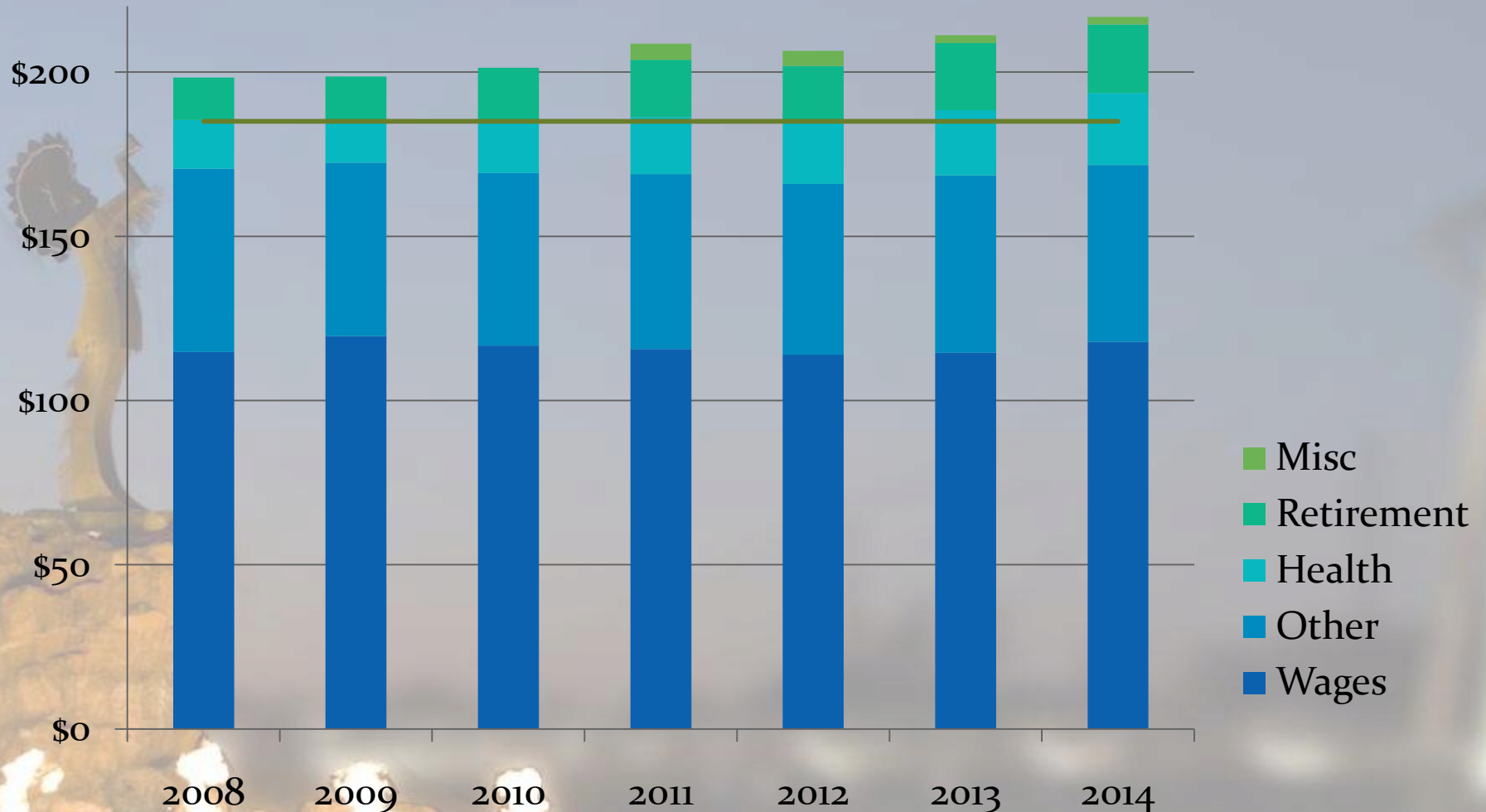
2014-2015 STRATEGIC MANAGEMENT MODEL



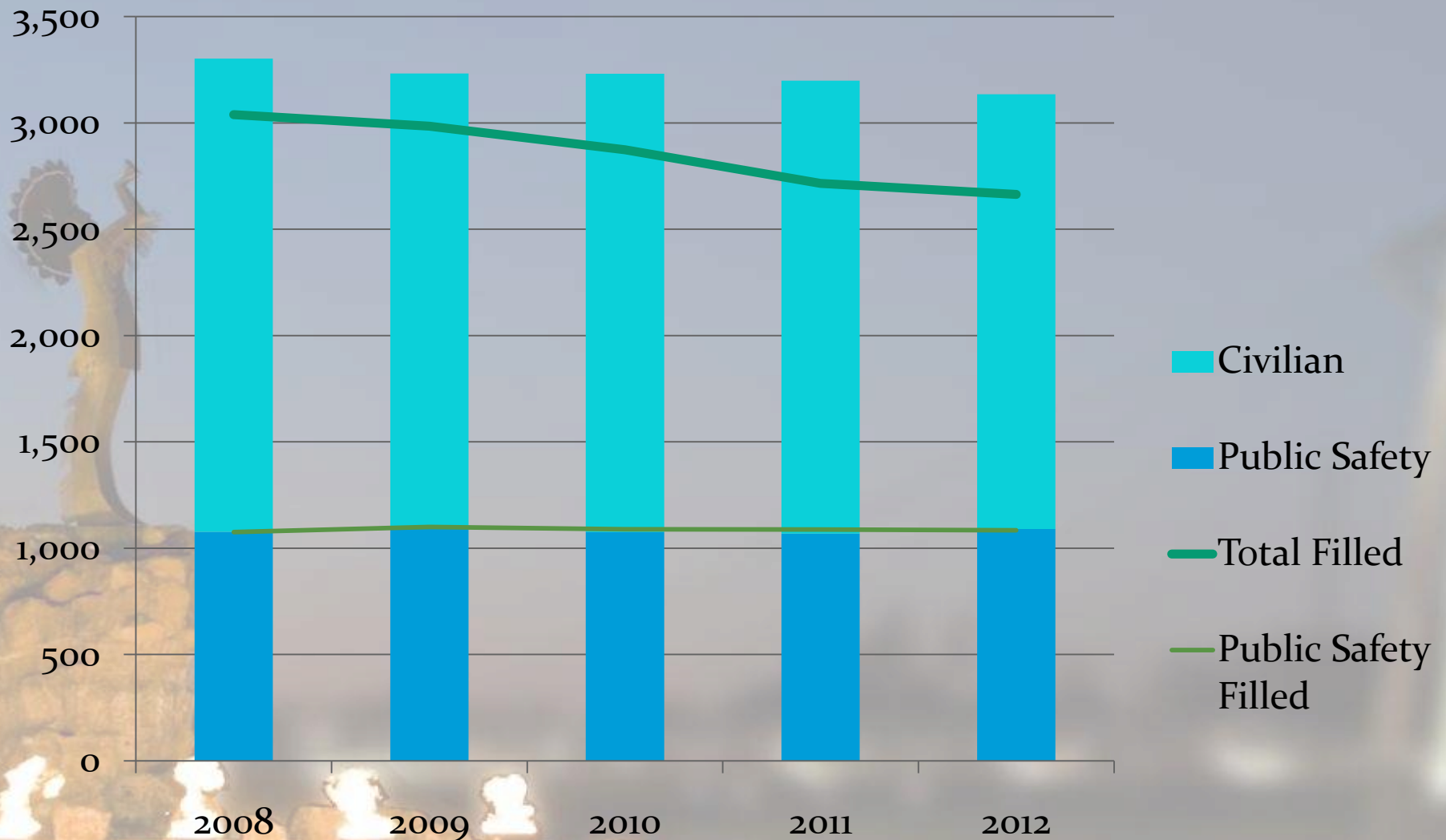
GENERAL FUND REVENUES



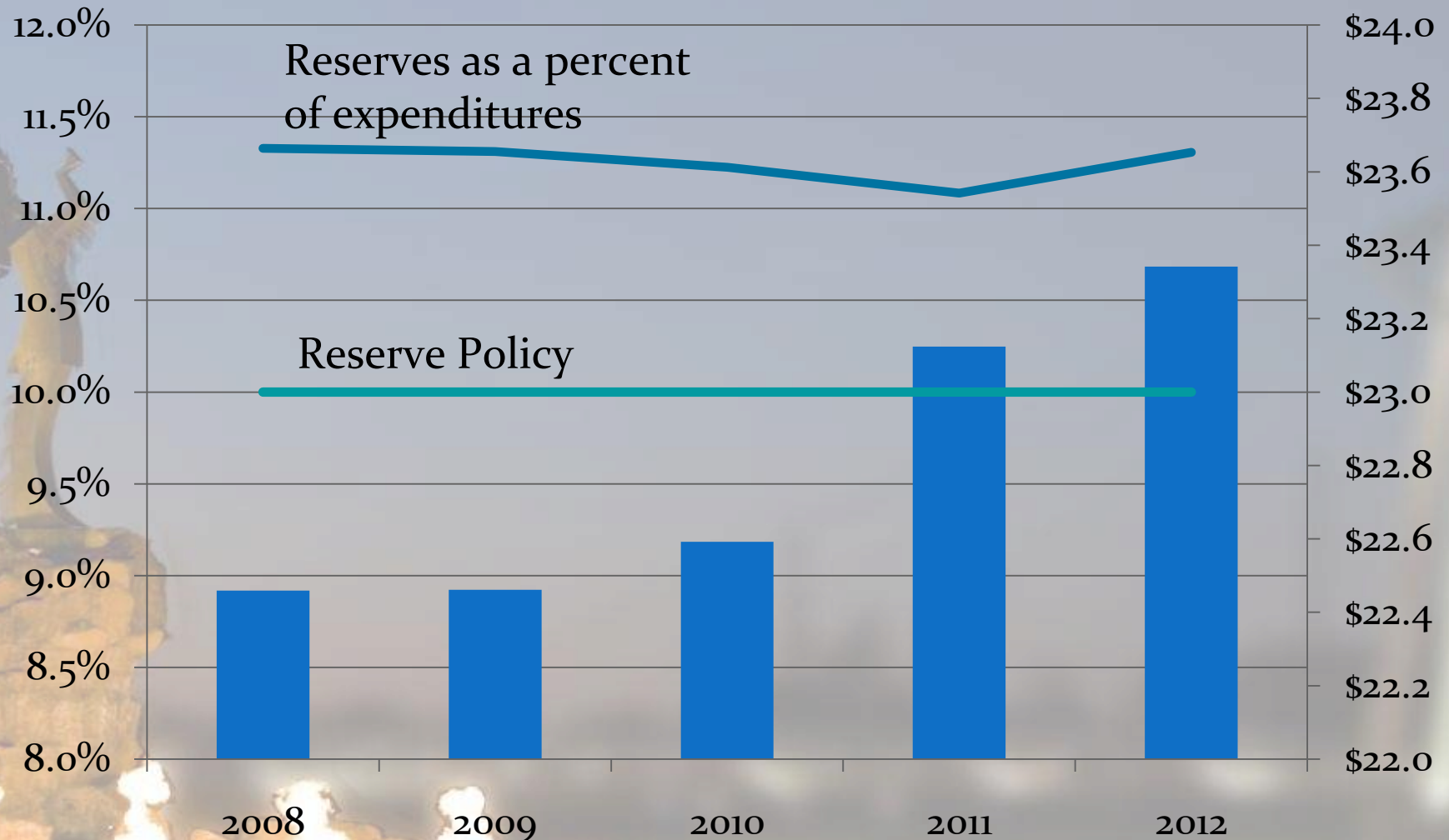
GENERAL FUND EXPENDITURES



PRIORITIZATION OF STAFFING; FUNDING PRIORITIES



PAST EXPERIENCE — RESERVE LEVELS



GENERAL FUND REVENUE ISSUES

- Sales tax and franchise fees expected to grow
- Assessed valuation recovering
- Fines and penalties growth expected
- Interest earnings non-existent
- Gas tax flat
- Charges, rents, licenses expected to be static

GENERAL FUND EXPENDITURE ISSUES

- Initial projections based on presumed filling of vacant positions
- Pension and fuel pressures moderating in 2014
- Health Insurance costs in 2013 has decreased
- No presumed policy or priority changes

GENERAL FUND PROJECTION

	2012	2013 Adopted	2013	2014	2015
Revenue	206.6	213.9	210.0	213.3	217.8
Expenditures	206.4	213.9	211.3	216.9	222.7
Net	0.2	0.0	(1.3)	(3.6)	(4.9)

OTHER FUND PROJECTIONS

OCI

- Merger is progressing, will result in budgetary adjustments
- Revenues are increasing with market recovery, fund is stable

Transit

- Operating structure under review; fund is stabilized through 2014

OTHER FUND PROJECTIONS

Debt Service Fund

- Impacted by lower valuation growth, mill levy shift
- Major CIP projects reaching approval phase will impact the fund in 2015-2016

Local Sales Tax Fund

- Stable with sales tax growth, but less margin due to leveraging State TWORKS funds (US 400)

OTHER ISSUES

- Integrate the impact of CIP projects into the operating budget
- Improve cost recovery as appropriate
- Solidify wage rates in 2014
- Maintain strategic filling of vacant positions

NEXT STEPS

- Consideration of policies (fund mill levies, reserve levels)
- Reaffirmation of strategic priorities
- Consideration of performance levels
- Review of operating strategies
- Integration of feedback



NEXT STEPS – TENTATIVE TIMELINE

May – City Manager meets with Department staff

May 21 – Budget, Performance Measures Workshop

May – WIN meeting to review forecasts and issues

June 3, 6 DAB meetings to review forecasts and issues

June – Develop tentative recommendations

June 26 – DAB Meeting

2014 – 2015 BUDGET

QUESTIONS AND COMMENTS

